

GEORGE WASHINGTON UNIVERSITY

ORGANIZATIONAL

REACTION

For

NAVY GRADUATE COMPTROLLERSHIP COURSE

RESEARCH SEMINAR IN COMPTROLLERSHIP

Dr. A. Rex Johnson

May 11, 1956

Prepared By

Lucien B. McDonald
Commander, U. S. Navy

GEORGE WASHINGTON UNIVERSITY

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NEW GRADUATE COMPTONHOLMERS COURSE
RESEARCH SEMINAR IN COMPTONHOLMERS

Dr. A. Rex Johnson

May 11, 1950

Prepared by

Richard E. Schomberg
Commander, U. S. Navy

PREFACE

In this paper I desire to follow up a statement by James Forrestal in which he said,

Good organization comes from the energies of men, from good will, from confidence and teamwork, from broad understanding of great problems, and the willingness to spend a good deal of attention on details.

The particular phrases "from goodwill and from confidence and teamwork" are the inspiring words.

Since I have been in the Navy two forces have always been present to militate against goodwill, confidence, and teamwork. These forces are the existence of groups, apparently interested mainly in promoting their own interests, and the continual struggle between military and civilian employees for status in the organization. I do not believe there is any solution or answer to the fact that cliques exist or that status should be eliminated, quite to the contrary, each has its part in the organization and each serves a specific purpose. The dangers in these two forces lie in excesses. My purpose is to discuss organizational identification and status so that they are more clearly understood as dynamic forces affecting the efficiency of the organization.

FOREWORD

In this paper I desire to follow up a statement by

James Forester in which he said,

Good organization comes from the energies of men, from
good will, from confidence and teamwork, from broad under-
standing of great problems, and the willingness to spend
a good deal of attention on details.

The particular phrases which Forester used were confidence and

teamwork, and the inspiring words,

Since I have been in the Navy and found that always

been present to build against hostility, confidence, and

teamwork. These forces are the extremes of spirit, respectively

interested activity in promoting their own interests, and the

continued struggle between military and civilian employees for

status in the organization. I do not believe there is any

solution or answer to the fact that these exist or that status

should be eliminated, quite to the contrary, each has its

part in the organization and each serves a valuable purpose.

The danger in these two forces lies in excess. If pursued

to the point of organizational ineffectiveness and status is lost

they are more likely understood as dynamic forces affecting

the efficiency of the organization.

CONTENTS

	Page
PREFACE	ii
Chapter	
I. INTRODUCTION	1
II. ORGANIZATIONAL IDENTIFICATION	7
III. STATUS IN THE ORGANIZATION	15
IV. CONCLUSIONS	31
BIBLIOGRAPHY	36

CONTENTS

PREFACE	11
CHAPTER	
I. INTRODUCTION	1
II. ORGANIZATIONAL IDENTIFICATION	9
III. STATUS IN THE ORGANIZATION	19
IV. CONCLUSIONS	31
BIBLIOGRAPHY	32

CHAPTER I

INTRODUCTION

As an organization increases in size, the difficulties of administrative cohesion become extremely complex. For as size increases, the inevitable functional divisions become larger and more separated, both geographically and in points of view about the results desired and about how to get them. Obviously, to pull together in an overall directive way the activities of production, planning, and operations of a small enterprise can be done by a handful of people, but in the Navy, a gigantic organization, the job of bringing unity of intention and unity of achievement attains a magnitude which requires a high order of intellectual capacity and knowledge of good organization.

It is clear from current literature in the organizational field that there have been important advances over the last few decades. The amount and authenticity of knowledge on the subject of organization has increased considerably, but the application is uneven. What is needed is a general theory of organization which would enable arriving at approximately correct solutions of basic organizational problems, ¹

¹Earnest Dale, Planning and Developing the Company Organization Structure (New York: American Management Association, 1952), p.168.

CHAPTER I

INTRODUCTION

As an organization increases in size, the difficulties of administrative conception become extremely complex. For as size increases, the inevitable functional divisions become larger and more separated, both geographically and in point of view about the results desired and about how to get them. Obviously, to put together in an overall distinctive way the activities of production, planning, and operations of a small enterprise can be done by a handful of people, as in the early days of the automobile, the oil or rubber industry or the cotton gin. But as the size of the enterprise increases, the complexity of the problem and the order of intellectual capacity and knowledge of past experience become more and more important.

It is clear from current literature in the organization field that there have been important advances over the last few decades. The amount and complexity of knowledge on the subject of organization has increased considerably. But the application is uneven. What is needed is a general theory of organization which would enable activity in approximation to the current solutions of basic organizational problems.

Lawrence Dyer, *Organization and Management*, 1951, 2nd ed.
Organization Institute (New York), American Management Association, 1951, 2nd ed.

but since no such general theory has been created, there remains but to solve a number of unresolved organizational problems and in the process arrive at a general theory. In this paper I have selected one of these problems, the impact of personality on organization and of organization on personality. Because of the large scope of this problem and the short length of this paper, I have selected two areas of investigation, each relating to a phase of the problem. In chapter two I will discuss the effect of the various subordinate organizational aims on the people in the subordinate organization in relation to their thinking about the overall organization. This is considered pertinent in the Navy, because of the extremely large number of subordinate organizations, each trying to perpetuate itself at the expense of some other organization. I believe this problem will be a major consideration in most decisions made by military comptrollers, as LCDR. W. J. McNeil, Jr. referred to his dealings with all of the "Little Navies" within the Navy at the Naval Air Material Center.¹

Chapter three will concern the impact of personality on the organization in a discussion of the status of people in the organization. This, I believe, will also be a major concern of the comptroller in his decision-making process. Particularly now since the comptrollership function is still relatively new and new organizational relationships are being evolved and crystallized. The resulting changes will be

¹Statement by LCDR. W. J. McNeil, Jr. U.S.N. in talk March 29, 1956.

but since no such general theory has been developed, there re-

ally. Because of the large scope of this problem and the of personality or organization and of organization as persons. This paper I have selected one of these problems, the internal blame and in the process arrive at a general theory. In

Investigation, and relating to a group of the problem. In short I will of this paper, I have selected two areas of in-

the organizational aims of the people in the socialist or-

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W. A. Schell, Jr. referred to his dealings with all of the

Chapter Three will concern the impact of personality on the organization in a discussion of the nature of people

concept of the computer in his decision-making process.

Particularly now when the membership function is still

resisted and one of the bases of resistance to such changes is epitomized as changes in status. A knowledge of status will enable an executive to be philosophical about resistance encountered in making changes and give him an insight into when to make decisions. The fine art of executive decision consists in not deciding questions that are not pertinent, in not deciding prematurely, in not making decisions that cannot be effective, and in not making decisions that others should make.¹

In the remainder of this chapter I will discuss those principles necessary in a good organization that will collide head-on with the destructive tendencies of organizational identification and status systems causing executives headaches, preventing perfect organizations, providing the dynamics to administration, and suggesting to me the title of this paper, Organizational Reaction.

Mary Parker Follet's four fundamental principles of organization are:

1. Coordination by direct contact of the responsible people concerned.
2. Coordination in the early stages.
3. Coordination as the reciprocal relating of all the factors in a situation.
4. Coordination as a continuing process.²

¹ Chester I. Barnard, The Functions of the Executive (Cambridge Mass.: Harvard University Press, 1938), p.194.

² H. C. Metcalf and L. Urwick, (eds.), Dynamic Administration: The Collected Papers of Mary Parker Follett (New York and London: Harper & Brothers Publishers, 1941), p.297.

resisted and one of the bases of resistance to such changes is emotional as changes in status. A knowledge of this will enable an executive to be philosophical about resistance encountered in making changes and give him an insight into when to make decisions. The time art of executive decision consists in not deciding questions that are not pertinent, in not deciding prematurely, in not making decisions that are not so effective, and in not making decisions that others should make.¹

In the remainder of this chapter I will discuss some principles necessary in a good organization that will conform best-on with the tentative foundation of organizational identification and status systems causing executives decisions, preventing perfect organizations, providing the degree of adaptation, and suggesting to me the title of this paper, Organizational Reaction.

Early Parker Folger's Four Fundamental Principles of

Organization are:

1. Coordination by direct command of the responsible people concerned.
2. Coordination in the early stages.
3. Coordination as the technical relation of all the factors in a situation.
4. Coordination as a continuing process.²

¹ Chapter I. Forecast. The Function of the Executive (Cambridge Mass.: Harvard University Press, 1935), p. 132.

² H. C. Folger and J. Folger, (eds.), Organizational Reaction: The Collected Essays of Early Parker Folger (New York and London: Harper & Brothers Publishers, 1941), p. 137.

The principle of direct contact implies that coordination is achieved through "man to man" personal horizontal relationships of people in an organization. People exchange ideas, ideals, prejudices, and purposes through direct personal communication much more efficiently than by any other method, and, with greater mutual understanding can achieve both common and personal goals. Recognizing ultimate interests facilitates agreement on methods and action. For instance, rivalry and consequent criticism, which all too frequently mar the relationships of bureaucrats in the Bureau of Ordnance and in the Bureau of Ships is an example of poor coordination and an indication that organizational identification is over-emphasized. Unless personnel of these two bureaus exchange ideas and reach an understanding on areas of common interest, there can be no coordination between them. No order to coordinate can achieve coordination.

The second principle stresses the importance of coordinating in the early stages of planning and policy-making. Direct contact must begin at the earliest stages of the process so that two parts of an organization do not surprise each other with completed policies and then try to agree. The most essential thing to be considered is that control must be generated by the activities to be controlled. Control must begin as far back in the process as possible otherwise the result will be "Power over" rather than the most effective "Power with" concept. Joint action must know its source.¹

¹Ibid., p. 224-5.

The principle of direct contact is the best basis for
action is achieved through "man to man" personal relationships.
Establishment of people in an organization. People exchange
ideas, ideas, objectives, and purposes through direct personal
contact. Communication must have sufficient depth and width
method, and, with greater mutual understanding and confidence
both common and personal goals. Recognized realistic interests
facilitates agreement on methods and action. For instance,
rivalry and consequent criticism, which are frequently met
the relationship of individuals in the absence of objectives
and in the absence of unity is an example of poor cooperation
and an indication that organizational identification is weak-
emphasized. Unless personnel of diverse backgrounds exchange
ideas and reach an understanding on basis of common interest,
there can be no coordinated action. No order to move
forward and achieve cooperation.

The second principle stresses the importance of cooperation
directing in the early stages of planning and policy-making.
Direct contact must begin at the earliest stage of the project
so that two parts of an organization do not develop each
other with conflicting policies and then try to agree. The most
essential thing to be remembered is that contact must be
established by the individual to be coordinated. Contact must
begin as far back in the project as possible otherwise the
result will be "power over" rather than the "win-win" attitude
"power with" concept. Joint action must have the same.

The third principle states that all factors in a situation are reciprocally related and shows what coordination really is. For example, visualize A as adjusting himself to B and to C and to D. A adjusts himself to B and also to a B influenced by C, to a B influenced by D, and to a B influenced by A himself, and so on and so on. This interpenetration of every part by every other part as it has been permeated by all is the goal of attempts at coordination.

These three principles provide horizontal coordination rather than vertical. People cooperate as a result of understanding one another's needs, and an order to coordinate is both unrealistic and unenforceable.¹

The fourth principle, the need for continuous interchange of information can hardly be overemphasized. Until coordinating is looked upon as a continuing activity, it will never be possible to solve problems, because by the very process of solving new elements and forces come into the situation and new problems result that have to be solved. The problems of enterprise are never solved, compromises are reached by the interchange of information or modification of details. In the very process of solving problems, new strengths and weaknesses may be uncovered and, in time, may build up again to the stature of a problem. Good coordination will

¹Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions (New York: McGraw-Hill Book Company, 1955), p. 38.

The third principle states that all business is a process. This is particularly evident in the case of the business of the future. The business of the future is a process of continuous change and development. It is a process of constant adaptation to the changing needs and desires of the customer. It is a process of constant innovation and improvement. It is a process of constant growth and expansion. It is a process of constant survival and success.

The fourth principle states that the business of the future is a process of constant change and development. It is a process of constant adaptation to the changing needs and desires of the customer. It is a process of constant innovation and improvement. It is a process of constant growth and expansion. It is a process of constant survival and success.

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remove the points of contention and excellent continuing cooperation will anticipate difficulties and prevent the development of problems.¹

In summary, the Navy is a very large organization composed of numerous smaller organizations that must be coordinated to attain a common purpose. Because of its size the problem of organizational identification and personal status are of particular significance as disrupting factors of coordination and as major factors for military comptrollers in their everyday decision-making process. The opposing actions of these forces provided the organizational reaction in the Navy.

¹Ibid., p. 38.

of these factors provided the organizational position in the
their everyday decision-making process. The critical decision
distinction can be major factors for military organizations in
and of traditional organizations as distinctive factors of con-
vectors of organizational identification and perceived status
ated in a variety of common purposes. Because of the size and
posed of numerous smaller organizations that must be coordi-
In summary, the Navy is a very large organization with

CHAPTER II

ORGANIZATIONAL IDENTIFICATION

In the U. S. Navy many small organizations must be coordinated in order that the large organization can be effective. This job is gargantuan and difficult. For a top administrator to be even passably successful, he must understand the loyalties that exist among the lesser organizations and the identification of the individuals to the subordinate organizations.¹ The top administrator must understand and take "group-think"² into consideration. My purpose is to provide an understanding of organizational identification in this chapter.

An individual through being subjected to local organizational goals and through a gradual process absorbs these goals into his own thoughts and thereby becomes an "organizational personality" which is altogether different from his personality as an individual. The organization assigns a role and specifies the particular values, facts, and alternatives on which decisions in the organization are to be based. The assignment of this role is necessary in order to reduce

¹Ordway Tead, The Art of Administration (New York: McGraw-Hill Book Company, Inc., 1951), p.179.

²William H. Whyte, Is Anybody Listening? (New York: H. Wolff Book Mfg. Company, Inc., 1952), p.224.

CHAPTER II

ORGANIZATIONAL IDENTIFICATION

In the U. S. Navy, every small organization must be coordinated in order that the large organization can be effective. This job is given to the organization and the administrator to be even possibly successful, he must understand the organization that will carry out the organization and the identification of the individuals in the organization. The top administrator must understand and take "group-look" into consideration. My purpose is to provide an understanding of organizational identification in this chapter.

An individual through being subjected to local organizational goals and through a general process through these goals into his own thoughts and thereby becomes an "organizational personality" which is altogether different from his personality as an individual. The organization assigns a role and specifies the particular values, facts, and information on which decisions in the organization are to be based. The assignment of this role is necessary in order to reduce

¹Ordway Ford, The Art of Administration (New York: McGraw-Hill Book Company, Inc., 1931), p. 179.
²William E. Byrnes, Is Anybody Listening? (New York: H. Holt Rinehart & Company, Inc., 1932), p. 179.

the decisional problems to manageable proportions. This, however creates the problem of reconciling the subordinate organizational role imposed on individuals with the overall goals of the entire organization.

The experience of two agencies in the State of California in 1941 illustrates this problem.¹ The State Relief Administration cared for the employable unemployed and the county welfare departments for the unemployable unemployed. From the standpoint of the state as a whole, the objective of the welfare administration was to care for all unemployed and to guarantee them a minimum standard of living. The overall organizational goal was to see that only eligible people qualified for relief, that their budgets conformed to the standards, and that these ends were accomplished with a minimum expenditure of funds. The State Relief Administration was trying to accomplish this objective with its area of activity limited to employable persons, while the county welfare departments were aiming at the same objective within their areas limited to unemployable persons.

These objectives viewed in terms of the subordinate organizational objectives provide a competitive element in the decisions of the state and county administrative officials, respectively. One way the state agency could increase its efficiency measured in terms of its own subordinate objectives

¹Herbert A. Simon, Administrative Behavior (New York: The Macmillan Company, 1950), p.201.

The decision problem is unambiguous. This, however, does not mean the problem of technology is unambiguous or that the decision is unambiguous. The decision is unambiguous only in the sense that the decision is unambiguous. The decision is unambiguous only in the sense that the decision is unambiguous.

The experience of two decades in the State of California is in 1961 illustrates this problem. The State Relief Administration faced for the first time a new and unambiguous county welfare department for the unambiguous unambiguous. From the standpoint of the state as a whole, the objective of the welfare administration was to care for all unambiguous and to guarantee that a minimum standard of living. The entire organizational goal was to see that all unambiguous people qualified for relief, that their budget conform to the standards, and that there were no unambiguous with a minimum standard of living. The State Relief Administration was trying to accomplish this objective with the use of activity limited to unambiguous persons, while the county welfare department were active at the same objective with their own limited unambiguous persons.

These objectives showed in terms of the unambiguous organizational objectives through a competitive element in the decision of the state and county administrative officials respectively. The state county relief department was efficiency measured in terms of its own subordinate objectives

¹Edward A. Shaw, Administrative Organization, New York: The Macmillan Company, 1961, p. 121.

and not in terms of the state as a whole was to make certain that any unemployable persons on its rolls were discovered and transferred to the county. The same was true for the county in terms of its subordinate goals.

As a result, each organization sought the relative maximization of its own objective, and a great deal of time, effort, and money was spent by these agencies in attempting to shift clients from one to the other in borderline cases. This competition was understandable from the subordinate objective's point of view, but from the state's overall goals it was waste and foolishness. The end result was inefficiency in the supporting of the unemployed.

There is nothing predestined about this condition. Decisions are not made by organizations, but by the people in the organization and there is no reason why members of the organization must make decisions that are organizationally limited. Nevertheless, example after example can be found where individuals behave as though the organizations to which they belong were the ultimate of importance and right, always calculating the organizational utility in each decision.¹

Before progressing further, it is necessary to explore what is meant by identification. To be explicit, it can be said that a person identifies himself with a group when, in making a decision, he evaluates the several alternatives of

¹ Benjamin M. Selekman, Labor Relations and Human Relations (New York and London: McGraw-Hill Book Company, 1947), p.61.

and not in favor of the state as a whole, and it was certain
that any psychological person or any body was discovered and
transferred to the country. The country was not the country
in person and its subordinate people.

is a result, each organization against the relative
manifestation of its own objective, and a great deal of time,
effort, and money was spent by these people in attempting to
shift objects from one to the other in relation cases. This
competition was manifestly from the subordinate objective
point of view, but from the state's point of view it was
and foolishness. The not really was foolishness in the eye
of the state.

There is nothing mysterious about this competition.
Decisions are not made by organizations, but by the people in
the organization and hence in no reason why members of the or-
ganization must make decisions that are organizationally
limited. Nevertheless, members must remain on the ground
where individual members are through the organization and which
they believe are the interests of the organization and that, always
calculating the organizational utility in each decision.

Before proceeding further, it is necessary to explain
what is meant by individual utility. As we explain, it can be
said that a person identifies himself with a group when, in
making a decision, he considers the general consequences of

choice in terms of their consequences for the specific group.¹ For example an individual identifies himself with America when he prefers a particular course because it is good for America, or when he prefers it because it is good for Washington, he is identifying himself with Washingtonians. A person is said to act from personal motives when his evaluation is based on an identification with himself or with his family.

The group with which a person identifies himself in the naval establishment may be the engineering duty officers, aviators, submariners, Bureau of Naval Personnel people, the "gun club" people from the Bureau of Ordnance or "black shoes", line officers not in aviation duty. The nicknames are the results of organizational identification by specialty or location.

An individual may identify himself either with the organizational mission or with the perpetuation of the organization. For example, a submarine officer making a decision can identify himself with the function or the mission of the submarine force or he may evaluate all alternatives in terms of their effect upon the force, its conservation and growth. Two types of loyalty to the organization can exist depending on whether the individual identifies himself with the function and objectives or with the conservation of the organization.

The identification with group or function is such a universal phenomenon that one cannot participate for more than

¹H. D. Lasswell, World Politics and Personal Insecurity (New York: Whittlesey House, 1935), p.7.

choice in terms of their responsibilities for the specific group. For example an individual identifies himself with service when he prefers a particular course because it is best for service, or when he prefers it because it is good for himself, as is identifying himself with responsibility. A person is said to act from personal motives when his evaluation is based on an identification with himself or with his family.

The group which a person identifies himself in the naval establishment may be the engineering duty officers, sailors, gunners, etc. But even if naval personnel groups, the "gun club" people from the Bureau of Ordnance or "black shoes", line officers not in uniform duty. The differences are the results of organizational identification by specialty or function.

An individual may identify himself either with the organizational mission or with the profession of the organization. For example, a submarine officer working a rotation identifies himself with the function as the mission of the submarine force or as any evaluation and alternative in terms of their effect upon the force, its conservation and growth. Two types of loyalty to the organization can exist depending on whether the individual identifies himself with the function and objectives or with the mission of the organization. The identification with group or function is such a universal phenomenon that we cannot predicate for more than

a few minutes in administrative affairs or read five pages in an administrative report without coming in contact with it.

One of the most common failures resulting from functional identification is not balancing costs against value received in making administrative decisions.¹ Organizational goals accomplished by an administrative program can be measured in terms of adequacy, the degree to which the goals have been reached, or of efficiency, the degree to which the goals are reached compared to the resources used. For example, the adequacy of the war production effort in World War II was measured in terms of hardware delivered to the armed forces; its efficiency, a comparison of actual production to what could have been obtained with the best use of natural resources. The American war production was highly adequate, but whether it was efficient is quite another question.

In the government and particularly the military establishment, there is a tendency for the administrator, who identifies himself with a particular goal, to measure his organization in terms of adequacy instead of efficiency. Since there is not scientific way to establish "standards" of service, the usual cry is heard that the budget is inadequate. Between the completely adequate and inadequate performance there are all degrees of adequacy. Furthermore, human wants are insatiable in relation to human resources. Considering these two facts, there remains only one condition on which to base administrative decision and that is efficiency. The task of

¹Simon, Op. cit., p. 222.

the administrator is to obtain maximum results relative to limited resources.

The process of identification then may lead administrators to give undue weight to social values. He is psychologically not in a position to decide the amount of money appropriated or the relative merits of his claims upon public funds, as compared with the claims of competing units. The following item from the San Francisco News illustrates this institutional thought:

This item refers to the San Francisco Utilities Department, which controls the city's Water Department and the Hetchy Hetchy Power development as well as other local utilities:

While Utilities Manager Cahill was in Washington for ten days that lasted a month, Nelson Eckart, head of the Water Department, filled his own job, the top Hetchy Hetchy post of the late A. T. McAfee and Cahill's overall job too. Forrest Gibbon, executive secretary, had to tell who he was by the hat he was wearing.

On Cahill's return, Eckart's first words were, 'Here's the key to the powder house, here's the aspirin bottle, I quit.' But it was some days before Cahill discovered all the triple-personality kinks which had brought Eckart to the brink of madness. He discovered, in fact, a letter Waterman Eckart had written asking for more money for the water works, another letter Hetchy Hetchy Eckart had written asking for more H. H. dough, and a final letter Acting Utilities Manager Eckart had written denying both his own requests. Naturally, Cahill asked 'What the devil?'

'From up here', Eckart explained, 'things don't look the same as they do down there.'¹

The faulty weighting of values through functional identification is mainly counteracted in the budget where the allocation of fund's decisions are made at a high level. Considerable work and strategy is used by each of the three armed

¹San Francisco News, February 12, 1942.

The administrator is to obtain maximum results with the

limited resources.

The process of identification then may have advantages-
 factors to give more weight to social values. It is possible-
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 priated or the relative merits of his claims upon public funds,
 as compared with the claims of competing units. The follow-
 ing item from the San Francisco News illustrates this method-

Financial Resources

This item refers to the San Francisco Utilities Department,
 which controls the city's water department and the Bell
 Telephone Post development as well as other local utilities.

While Utilities Manager Canill was in Washington last year
 Dave Galt landed a month's vacation leave. Next to the
 Water Department, filled his own job, the top executive vacancy
 post at the late A. J. Galt and Canill's overall job too,
 former Galt, executive secretary, had to tell who he
 was by the hat he was wearing.

On Canill's return, Galt's first words were, 'There's the
 key to the water house, here's the secret code, I quit.'
 But it was some days before Canill discovered all the
 triple-personality keys which had brought Galt to the
 point of departure. He discovered, in fact, a letter
 yesterday Galt had written asking for some money for the
 water house. Another letter Galt had written asking for
 money for the water house, and a final letter
 asking Utilities Manager Galt had written asking both
 his own requests. Naturally, Canill asked 'What the devil'

'from up here,' Galt explained, 'I think you'll look the
 same as they do down there.'

The family weighing of values method, mentioned here-
 tion is easily connected to the budget where the allo-
 cation of funds is decided upon with a view to the
 allocation of funds to various units of a firm or group. Consider-
 able work and strategy is used by each of the units when

services to get their share of the funds.

A major problem in an organization is to specialize and sub-divide in such a way that the forces of identification will contribute to, rather than hinder correct decision-making.¹ To do this these identifications must be taken into consideration in allocating the decision-making functions. The basic guide line is that decision-making should be so located in the organization that it will be approached by necessity on the basis of efficiency rather than adequacy. It is unsound to entrust to the administrator responsible for a function the responsibility of deciding whether his function or other functions are the most important. The only person logically competent to make such decisions is someone who is responsible for all of the functions or none.

Identification is not inevitable but should be suspected. The administrator should broaden his area of identification from the narrower objective. This can be accomplished through modifying our narrow loyalties. Loyalty to the larger group will result when the loyalty is rewarded, and when the results of administrative situations are understood in terms of efficiency rather than adequacy.

Many in the Navy believe in the old Russian proverb, "Whose bread I eat, his songs I sing". At high levels identification can have serious consequences because it may introduce unrecognized and unverified elements into decision-making.

¹Mary Cushing Niles, Middle Management (New York: Harper and Brothers, 1949), p. 51.

services to get their share of the bonus.

A major problem in an organization is to establish

and sub-divide in such a way that the forces of individual-

ism will contribute to, rather than hinder correct decision-making. To do this these individualities must be taken into

consideration in allocating the decision-making functions.

The main point here is that decision-making should be so organized in the organization that it will be approached by each

part on the basis of efficiency rather than expediency. It is

unusual to entrust to the administrator responsibility for a

function the responsibility of deciding whether his function

or other functions are the most important. The only person

logically competent to make such decisions is someone who is

responsible for all of the functions in house.

Individualism is not desirable but should be en-

forced. The administrator should realize his area of influ-

ence from the narrow objective. This can be accomplished

through modifying our entire organization. Loyalty to the larger

group will result when the loyalty is rewarded, and when the

results of administrative actions are subjected to some

of efficiency rather than expediency.

What is the basic defense in the old decision system?

When I was a child, my father said, "If you have a decision-

making and have several alternatives, choose the one which

is most expedient and uninvolved elements have decision-making.

The high level administrator may mistake whose "bread" he is eating and "sing" the wrong song.

CHAPTER III

STATUS IN THE ORGANIZATION

The interesting fact in the Navy organization is that all types and manners of status are present. The military status provides the most obvious and the civilian organization provides the delicate subtle type. The mingling of the two types in the same organization causes many interesting situations.

The status of an individual in an organization is defined as a combination of recognized facts including a statement of the individual's rights, privileges, duties, and obligations in the organization, and obversely, by restrictions governing his behavior because of his position.¹ There are two types of status systems. The functional system is the status of an individual not affected by authority or jurisdiction in the organization and is a result of general ability in a certain functional line. For example, the fact that a man is a performing plumber is not in itself functional status, but the fact that being a plumber, the man is presumed to have certain capabilities and limitations; he would not be expected to give legal advice. This assumption of the capacities and

¹Chester I. Barnard, Organization and Management (Cambridge, Mass.: Harvard University Press, 1952), p. 208.

CHAPTER III

STATUS IN THE ORGANIZATION

The interesting fact in the study of organization is that all types and systems of status are present. The military status provides the most obvious and the civilian organizations provide the delicate subtle types. The meaning of the two types in the same organization seems very interesting attention.

The status of an individual in an organization is determined as a combination of specialized tasks involving a status of the individual's rights, privileges, duties, and obligations in the organization, and generally, of responsibilities governing the behavior patterns of the position. There are two types of status systems. The functional system is the system of an individual not affected by authority or position. It is the organization and is a system of general status in a certain functional line. For example, the fact that a man is a professional engineer is not in itself functional status, but the fact that being a plumber, the man is prevented to have certain responsibilities and limitations, his status not be expected to give legal advice. This allocation of the capabilities and

Charles I. Barnard, *Organization and Management* (Cambridge, Mass.: Harvard University Press, 1938), p. 208.

limitations of the plumber, ignoring what you may have observed, is functional status. Emphasis on a man's potential is not necessarily based upon what has been observed in practice.

The other system of status is scalar. This is determined by the relationship of his superiority in the chain of command and by jurisdiction. Every person within the structure has a boss, and every boss has his boss, until finally at the top of the heap we find that rare and sacred individual, the big boss, the man who has no boss. The whole scalar chain forms a neat pyramid with the big boss at the top and each rank of lesser bosses of lesser scalar status increasing in number as they decrease in importance until at the bottom, the lowest status.¹

The next question that comes to mind is; how are the status systems established and maintained?

Primarily they are maintained by rank, by differences in salaries and privileges such as the size of the office, the location of the office, the privilege of having a rug, the fact that your name is included in an activity telephone directory, the privilege of having a private secretary, time clocks, varying time off for lunch, and many other combinations of perquisites. Close scrutiny of the privileges and wages will fairly accurately describe the system of status existing in the organization.

¹Burleigh B. Gardner, Human Relations in Industry (Chicago: Richard D. Irwin, Inc., 1949), p. 22.

relations of the present, pointing what you may have observed
 is functional status. Regressive or a man's potential is not
 necessarily based upon what has been observed in practice.
 The other aspect of status is social. This is deter-
 mined by the relationship of the individual to the group of
 command and to the individual. Every person within the structure
 has a role, and every role has its basis; until finally at the
 top of the hierarchy that role and social individual, the
 big boss, the man who has no boss. Who shall social status
 become a social process and the big boss at the top and each
 man of lesser power at lower social status increasing in
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 lowest status.

The next question that comes to mind is: how are the
 status systems established and maintained?
 Primarily they are maintained by force, by differences
 in status and privileges and by the size of the office,
 the location of the office, the privilege of having a man,
 the fact that you are in a position to have a telephone
 directly, the privilege of having a private secretary, the
 access, varying from all the usual and many other conditions
 of work. These various of the privileges and status
 will fairly completely describe the system of status existing
 in the organization.

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 (Continued) Richard C. Lewis, Inc., 1919, p. 11.
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Another more subtle means of maintaining the status system is the restriction of behavior. This is particularly evident in military society; enlisted men are not allowed in officers' clubs and likewise, officers are restricted by their superior status from frequenting chief petty officers' or enlisted mens' clubs except on special occasions. High status results in restrictions in the use of unrefined language.

Much snobbery can be attributed to maintenance of status. Among military people, organizational status has great effect on social status and vice versa. For example, in the Washington area, admirals and generals are readily accepted by the highest social strata in the city, thereby giving them exalted social status by virtue of the high military status.

Other means of maintaining and perpetuating status are through the use of ceremonies on entering or being appointed to an organization, the use of insignia of rank, and by the use of titles of the position occupied in social intercourse.

Status systems are found in varying degrees in all formal organizations because of the needs of the individuals in the organization. An example of this can be readily seen from the following conversation when the foreman brings Jim a new man over to Joe on the assembly line:

Foreman: 'Joe, this is Jim Blank who is going to work on this assembly. I wish you would show him the job.' (Telling Joe that Jim is new and inexperienced on the job and has low functional status.)

Joe: 'Howdy, Jim. You ever had any experience with this assembly?' (Trying to place Jim a little more accurately.)

Jim: 'No, I been on a drill press in the gadget department

Another very important aspect of studying the system is the question of behavior. This is particularly evident in military society; military men are not allowed to offend, and likewise, officers are restricted by their superior status from threatening other men, officers, or enlisted men; also except on special occasions. High status results in restrictions in the use of informal language. Such authority can be attributed to a combination of status. Among military people, organizational status has great effect on social status and vice versa. For example, in the Washington area, Admiral and General are socially accepted as the highest status group in the city, thereby giving them a social status of value on the high military status. Other means of maintaining and perpetuating status are through the use of ceremonial on entering or being appointed to an organization, the use of insignia of rank, and by the use of titles or the position occupied in social intercourse. Status systems are found in every society in which formal organization because of the needs of the individuals in the organization. An example of this can be readily seen from the following conversation when two persons enter the room and over to the assembly line:

Person 1: "See, this is the line and is going to stay on this assembly. I also you would show him the job." (tail-
 Person 2: "The job that is new and inexperienced on the job and has low functional status.")

Person 1: "How? The job has low status when this assembly is given the little new assembly."

Person 2: "No, I mean on a full scale in the job department."

for a couple of years. (Letting Joe know that he is not entirely a green-horn and does have some status by virtue of experience on machines as well as service with the company.)

Joe: 'You did? Why I worked over there when I first started eight years ago. Is old Jake, the foreman, still as "sour puss" as ever?' (Telling Jim that he need not feel that two years' service amounts to much, and that he still has superior status because he also knows about the gadget department as well as having senior service.)

Jim: 'Well, Jake's a pretty decent guy after all, even if he does act sour at times. I kinda hate to leave the department, but work is getting slack on the drill presses.' (Showing a little annoyance at Joe's implied criticism of the gadget department, and also telling Joe that he had not left to get out of the place or because they did not want him, and there were no grounds for loss of status.)

Joe: 'Yeah, I used to like Jake and hated to leave there myself.' (Sensing Jim's irritation and trying to express common attitude.)¹

The needs of the individual for status systems can be identified as (a) the differences in abilities of individuals; (b) the differences in the difficulties of doing various kinds of work; (c) the differences in the importance of various kinds of work; (d) the desire of formal status as a social or organizational tool; and (e) the need for the protection of the integrity of the individual.²

Individuals gain status depending on their abilities relative to others in their social sphere. The differences in social capacity, mental capacity, physical capacity and interests place each individual at a certain level in the status system.

¹Ibid., p. 15.

²Barnard, op. cit., p. 213.

for a number of years. (Ladies like that are not
entirely a phenomenon and have some status by virtue
of appearance on machines as well as service with the
company.)

Joe: 'You didn't say I worked over there when I first
started this year ago. Is old Joe, the foreman, still
at "your house" as usual? (Telling him that he had not
left that two years' service amount to much, and that he
still has superior status because he also knows about the
budget department as well as having senior service.)

Jim: 'Well, Joe's a pretty decent guy after all, even if
he does not work at this. I kinda hate to leave the
department, but now I'm getting along on the staff system.
(Knowing a little something at Joe's latest criticism of
the budget department, and also telling him that he had
not left the place or because they did not
want him, and there were no grounds for loss of status.)

Joe: 'Yeah, I need to like Joe and have to leave there
myself.' (Showing Jim's irritation and trying to express
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1. 1944, p. 17.

2. Bernard, op. cit., p. 213.

Another segregator in the status system is the difficulty of the type of work a person does. This is usually recognized because of the difficulty in replacing a man doing complicated work. The person is valuable in relation to the interaction of supply and demand in the talent market. At the present time engineers and doctors are in short supply and are in demand; it follows then that their status is correspondingly high.

A degree of status is accorded the individual in proportion to the importance of the position he holds.¹ For example the commanding officer of an aircraft carrier has a higher functional status than the commanding officer of a destroyer tender because the aircraft carrier in naval society is considered more important even though the formal rank is the same and the salary is the same. Superior ability in an unimportant job does not necessarily result in higher status in this type of organization, nor does economic importance control.

The credentials of formal status as a social or organizational tool are insignia and titles. They indicate in a general way a person's character, ability, and skill or his functions. They are not final indications, but preliminaries that save embarrassment and awkwardness. Examples of these credentials are the admirals' stars, the letters Ph. D., the title doctor, or vice-president. Possession of title or rank is prima facie evidence that responsible people have conferred

¹Kimball Young, Social Psychology (New York: Appleton-Century-Crafts, Inc., 1944), p. 65.

Another argument in the status system is the difficulty of the type of work a person does. This is usually recognized because of the difficulty in measuring a man doing complicated work. The status is valuable in relation to the interaction of supply and demand in the labor market. In the present time engineers and doctors are in short supply and are in demand; it follows that their status is correspondingly high.

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The characteristics of formal status as a social or organizational tool are technical and titles. They indicate in a general way a person's character, ability, and skill or his functional status. They are not final indications, but estimates that are subject to change and adjustment. Examples of these characteristics are the military grade, the letters M. D., the title doctor, or vice-president. Possession of title or rank is given to individuals and responsible people have conferred

recognition of a certain accomplishment, ability, or skill. In the formal organization this is convenient for both the manager and the worker and applies to both functional and scalar status. Even in Russia there is respect for status based on general achievement.¹

The need for the protection of the integrity or the position of the individual can be demonstrated by the integration of one's past accomplishments into his personality by publicly improving his status. Men, who by extraordinary effort or sacrifice, gain superior knowledge, skill, or experience, need personal endorsement. The granting of superior status is not a reward, but a recognition of accomplishment. Without this recognition a sense of frustration follows, because of the individual need to attain recognized status among relatives and friends. For example, witness the parade of diplomas, degrees, public honors, awards of medals, insignia of achievement and distinction, and the reaction of friends, families and organizations to them. One cannot doubt the recognition of these distinctions in every field of social and individual activity.

The need of attributing higher status to those from whom commands come is apparent. Obviously, everyone cannot indiscriminately give orders to everybody else; the command function must be specialized. In addition, people resent

¹George Sokolsky, "These Days," Washington Post and Times Herald, March 17, 1956, p.15.

recognition of a certain accomplishment, ability, or skill. In the former organization this is consistent for both the manager and the worker and applied to both functional and non-functional status. Even in Russia there is respect for status based on general achievement.¹

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¹George H. Mead, "The Social Psychology of the Status Problem," *American Journal of Sociology*, Vol. 17, 1912, p. 112.

and feel injury to their self-respect and integrity if they must receive orders from a person of inferior status. Men are eager to be "bossed" by superior ability, but they resent being bossed by men of no greater ability than they themselves have. Because of the great desire of men to believe that their leaders "know what they are doing", superior status, unless obvious facts prevent it, will be spontaneously attributed by imputing abilities which the men are not in a position to judge. This is particularly true of scalar status.

In the functional status system advice rather than authority is involved. Of two individuals with equal knowledge, the specialist, with status is afforded the greater respect. Much abuse can result if formal status alone is considered in accepting advice because of the different degrees of knowledge. There is little doubt, however, that the functional status system provides great relief in practical every day social relations.

Considerable experience has demonstrated that superior people and average people cannot work together for long as equals, but where differences of formal status are recognized, men of unequal abilities and importance can work together well. If there is no formal segregation between unequals, non-cooperation will result and finally, informal segregation. The informal groups will be lead by informal leaders who are not integrated into the formal organization.¹

¹Irving Knickerbocker, "Leadership: A Conception and Some Implications", Human Factors in Management, edited by Schuyler Haslett, (New York: Harper and Bros., 1946), p.9.

and feel injury to their self-respect and integrity if they
 must receive orders from a person of inferior status and
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 If there is no formal relationship between a superior and inferior
 then all kinds of friction, informal relationship, the in-
 formal system will be used by informal leaders and the in-
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¹Irving L. Janowitz, "The Social Structure of the Military," in "The Social Structure of the Military," edited by
 and "The Social Structure of the Military," edited by
 Benjamin Alster, (New York: Harper and Row, 1955), p. 2.

A person with inferior ability working in a group is constantly in a position of disadvantage, under pressure at all times to exceed his capabilities, always losing in the struggle, and therefore never able to secure respect for what he does contribute, but in a position to be incurring disrespect for what he cannot do. A man cannot stand this kind of inferiority and frustration. The status system solves this dilemma by assigning formal status to those of mediocre ability by giving inferior rank but at the same time recognizing the importance, the contribution, and the indispensibilities of the inferiors.

In the Navy, maintaining status is accepted as a routine organizational practice. Executives usually have a practical understanding of the status systems and are continually occupied with selection of people, change in status, modification of hierarchical relationships, inculcation of doctrines of management and ceremonial activities, all of these functions directed toward maintaining and improving the system of status and assuring that it performs its function in coordinating behavior.

The status system provides the following necessities to the organization: (1) the implementation of a system of communications; (2) the existence of the system of incentives; and (3) a means of developing and fixing responsibility.

For there to be any cooperation in an organization there must be an adequate system of communication that is accurate and rapid as well as authoritative and intelligible. The

A person with inferior ability working in a group is constantly in a position of disadvantage, under pressure of all those to whom his responsibilities, always linked in the struggle, and therefore never able to secure freedom of action, are directed. But in a position to be constantly disturbed for what he cannot do. A man cannot stand this kind of inferiority and frustration. The status system leaves this dilemma by assigning (formal) status to those of superior ability to give the inferior rank but at the same time recognizing the importance, the contribution, and the individualities of the inferior.

In the past, maintaining status is accepted as a rational organizational principle. Executives usually have a practical understanding of the status system and are continually occupied with a selection of people, chosen in terms of position of hierarchical relationships, knowledge of functions of management and operational activities, all of these functions directed toward maintaining and improving the system of status and assuming that it governs the function in coordination behavior.

The status system provides the following necessities to the organization: (1) the designation of a sphere of responsibility; (2) the assignment of the sphere of responsibility; and (3) a means of developing and fixing responsibility.

For there to be any coordination in an organization there must be an agreed system of communication that is common to all and which is well as self-sufficient and intelligible. The

status system greatly facilitates authority in communications by providing acceptance through the insignia of office such as the use of printed letter-heads or title. It provides prima facie evidence that both the sender and receiver are people of responsibility. If it were not for the status system, routine daily communications would be complicated and frustrating. The carpenter, the bricklayer, the lawyer, or the naval officer may be poor, or even bad as determined by previous observation, but even so, will be accepted in his functional line as superior to those of other statuses. A communication from a doctor on medical matters even if we do not know him and have never seen him will be much more authoritative and acceptable than one from a bricklayer.

In order for a communication to be effective, it must be understood, both by the sender and by the receiver. This requires a selection of language depending from whom and to whom the communication is made. The status systems are indispensable guides to the selection of appropriate language.

Ignoring material incentives such as salaries and other economic emoluments, important incentives for cooperation are the maintenance of status and the improvement of status. The scarcity of incentives in a large organization such as the Navy calls for careful, systemic, intelligent, application.

The two aspects of status that can be analyzed as providing an incentive are prestige for its own sake, as a reinforcement of the ego and as security for personal integrity, and prestige as a valuable means to other ends. Witness the immense

states agree greatly facilitated activities in communications by providing acceptance through the issuance of orders such as the use of printed letter-heads or titles. It provides positive feedback evidence that both the sender and receiver are people of responsibility. If it were not for the status given, responsibility and trustworthiness would be complicated and frustrating. The carpenter, the bricklayer, the lawyer, or the naval officer may be poor, or even have no reputation by previous observation, but even so, will be accepted in his functional line as superior to those of other classes. A communication from a doctor on medical matters even if we do not know him and have never seen him will be much more authoritative and acceptable than one from a biologist.

In order for a communication to be effective, it must be understood, both by the sender and by the receiver. This requires a selection of language depending upon the status of the communication. The status system has had a considerable effect on the selection of appropriate language.

Reporting material incentives such as salaries and other economic incentives, important incentives for cooperation are the maintenance of status and the improvement of status. The necessity of incentives is a large organization such as the Navy calls for a formal, systematic, intelligent, application.

The two systems of status that are analyzed as providing an incentive are practice for the own sake, as a reinforcement of the ego and as security for personal property, and practice as a valuable means to other ends. Without the incentive

amount of work and sacrifice made by innumerable volunteer heads of social, philanthropic, religious, political, and scientific organizations. Prestige is an important need for many individuals and they will work hard to satisfy and forego much to attain it.¹ In the government, the Navy in particular, material rewards are beyond the authority of executives to award, therefore status proves to be the controlling, or a necessary supplementary, incentive.

The executive, in addition to being concerned with the most obvious incentives of status enumerated above, must be aware of the more subtle negative incentive. In this sense prestige is considered to be too burdensome on the individual because of the limitation on personal liberties. I do not know of anyone who has turned down the job as the Chief of Naval Operations, but the position, without a doubt, severely restricts the personal liberty of the incumbent.

In organizations the creation and maintenance of dependability and responsibility are of extreme importance. This is accomplished by specific penalties for specific failures and by limitation or loss of status for failure in general. Both penalties used in conjunction are most effective, but the latter is particularly effective especially among those above the low level of status. The loss of status is more than loss of perquisites or prestige; it is a serious injury to personality and, therefore, much more generally resisted. Some

¹James F. Lincoln, Incentive Management (Cleveland, Ohio: Lincoln Electric Co., 1951), p. 110.

amount of such and similar work in connection with the
 needs of various institutions, religious, political and social
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people will refuse advancement of status, because of their fear that sometime they may lose it. The desire to protect status appears to be the basis of a general sense of responsibility.

Although the status systems are the heart of the organization, if they are allowed to grow without regulative control, disproportionate development results. The neutralizing of the disruptive tendencies of an unbalanced status system is extremely difficult for the executive to correct because he is the central part of the systems. The mature individual who can act with objectivity, will mentally project himself outside the organization and view it with detachment. Then and only then can he recognize the disruptive tendencies of a system of status.

These tendencies must be understood if the executive is to be able to intelligently recognize and understand the value and the use of the status system.¹ In general, the disruptions are as follows:

1. The status system distorts accurate evaluation of individuals in the organization.
2. The status system restricts the circulation of men of superior ability.
3. The status system exaggerates administration to the detriment of leadership and morale.
4. The status system limits the adaptability of the organization.

¹Barnard, op. cit., p. 232.

people will refuse advancement of status because of their fear that sometime they may lose it. The desire to protect status appears to be the basis of a general source of resistance.

Although the status system is the heart of the organization, if they are allowed to grow without regulative control, disproportionate development results. The neutralization of the disruptive tendencies of an unbalanced status system is extremely difficult for the executive in control because he is the central part of the system. The status individual who can not work objectively, will mentally project himself outside the organization and view it with detachment. Then and only then can he recognize the disruptive tendencies of a system of status.

These tendencies must be understood if the executive is to be able to intelligently recognize and understand the value and the use of the status system. In general, the disruptions are as follows:

1. The status system distorts accurate evaluation of individuals in the organization.
2. The status system restricts the utilization of men of superior ability.
3. The status system encourages administration to the detriment of leadership and morale.
4. The status system limits the adaptability of the organization.

There are four main factors on which the status system is founded, namely; (1) the differences in the ability of individuals; (2) the differences in the difficulties of various kinds of work; (3) the differences in the importance of various kinds of work; and (4) the needs of the system of communications. Of these four, the first two, the differences in ability of individuals and the difficulties of various kinds of work have little effect on the evaluation of individuals in the organization. A person of high status resulting from outstanding ability or a person of high status because of the difficulty of the work he is doing usually are evaluated as above average people and the evaluation is mainly correct. The other two bases of status, however, lead to erroneous conceptions of people.

The rating of a person by the importance of the type of work he does is a poor method of evaluation. For example, in the Navy, it is very difficult to retain intelligent men in the stewards' branch, because the work of that branch is afforded low status and the individuals doing that work are afforded low status even though the work is of great importance to the effective operations of the ship and very few ships could long be effective if the officers did not eat. The opposite effect may be seen in the case of an artist whose work is unimportant but is afforded importance by society in general. When status has been transferred from the job to the individual, the exaggeration of personal inferiority or superiority results. This then is extended to problems of morale, the high status person has

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increased morale and that of the low status person suppressed. Major problems are thus created in the organization.

The breakdown of communications means immediate failure of coordination and disintegration of organization. Good communications depends on a person being at the center of communications, knowing the local situation, and what has gone before, knowing to whom and where further communications should be made and knowing from whom communications should be received. One who can satisfy the above conditions is accorded high status and therefore is not readily replaceable and may be erroneously evaluated. A superior individual who in a relatively short period of time could be a far superior communicator will rarely be accepted because of the interruption of communications during the learning period, the capacity of the others in the organization is disturbed by the change in mutual confidence of the communicators. This results in the over-evaluation of man in a communication center and affords him high status by virtue of the fact that he is always in "the know", since he is at the communication center, and he is first to learn of any new developments or changes.

The rating or status afforded an individual by the role he occupies and the emphasis of the local abilities lead to under and over-evaluation of individuals artificially.¹ Errors are bound to occur, resulting in some men of inferior ability being placed in relatively superior posts. As time progresses

¹Lester F. Miles, Brass Hat or Executive (New York: Willard Frank, Inc., 1949), p. 5.

some men become superior to their positions and others degenerate. The individual with superior ability will mature and surpass those with higher status in ability. The effects of aging, of physical, moral, and intellectual deterioration, of changing conditions all call for a continual readjustment of the status system. The organization is dynamic and inherently changing, ideally all should be free of status so that at any time persons of superior and inferior capacity can be shuffled to adjust to changing abilities. The survival of the organization is doubtful if circulation is curtailed to the point when those of inferior capabilities occupy positions of high status. The results may be rebellion and the failure of communications.

Because of the following factors, even a rough approach to free circulation is impossible.

(1) A considerable degree of stability of status is necessary if status is to be of value as an incentive. If status is unstable, few will strive to achieve it.

(2) The resistance to the loss of status is stronger than the desire to achieve higher status. The advantages of perfect assignments are more than offset by the disruptive effects of demotions.

(3) Frequent changes inhibit good communications, because communications depend to a large extent on good personal relationships.

An effective communications system requires not only stability in filling positions of different status, but also

some are become superior to their position and others inferior. The individual with superior ability will make and surpass those with inferior ability in ability. The activity of mind, of physical, mental, and intellectual activities, and physical conditions will call for a continual readjustment of the entire system. The organization is dynamic and constantly changing, usually all about the type of action to be taken and the purposes of superior and inferior capacity and the ability to adjust to changing abilities. The survival of the organization is dependent on its organization is maintained in the mind even those of inferior capabilities occupy positions of high status. The results may be retention and the failure of some individuals.

Because of the technical factors, even a rough approach to the organization is impossible.

(1) A constant degree of flexibility of status is necessary if status is to be of value as an incentive. If status is unstable, the will tends to collapse. (2) The resistance to the loss of status is stronger than the desire to achieve higher status. The advantages of perfect organizations are more than offset by the difficulty of their attainment.

(3) Perceived changes inhibit good communications. Perceived communications are regarded as a large extent as good personal relationships.

An effective communication system consists not only of ability in filling positions of different status, but also

standard procedures and practices. The lines of communications, the status system, and the associated procedures and practices are the essential and exposed parts of administration. Since the status system and the procedures and practices are indispensable to administration, the protection of both becomes a necessity.

Leadership and the development of leaders may be summarized as the adjustment of ends and means to the dynamic changes in organizations. Opposition, however, results from the over-evaluation of the status system and procedures. This over-evaluation discourages the development of leaders by retarding the progress of the abler men and by putting an excessive premium on routine qualities.

In summary, the effect of the status system, though essential to coherence, coordination, and esprit de corps, is to reduce flexibility and adaptability. When external conditions are stable, the importance of flexibility and adaptability is less than under changing conditions and the importance of the refinement of coordination for efficiency is much greater. Were it possible to forecast for long periods, the problem would resolve into an optimum status system, minimizing disadvantages and conserving the advantages. But because of the difficulty of correctly forecasting, an elaborate system of status is usually employed whose inherent tendency is to become unbalanced, rigid and unjust.

In conclusion the discussion of the status systems point up three axioms that must be considered in all organizations;

standard procedures and practices. The field of communication, the status system, and the associated procedures and practices are the essential and exposed parts of administrative change. The status system and the procedures and practices are the basic principle in administration. The possibility of both changes is necessary.

Leadership and the development of leaders may be understood as the adjustment of state and means to the dynamic changes in organizations. Organizations, however, resist from the over-evaluation of the status system and procedures. This over-evaluation discourages the development of leaders by considering the interests of the other men and by putting an emphasis on routine qualities.

In summary, the effect of the status system, though essential to coherence, predictability, and unity of action, is to reduce flexibility and adaptability. When external conditions are stable, the importance of flexibility and adaptability is less than under changing conditions and the importance of the reinforcement of predictability for efficiency is more greater. Were it possible to forecast for long periods, the problem would resolve into an optimum status system, maintaining the advantages and conserving the advantages. But because of the difficulty of correctly forecasting, an adaptive system of status is usually applied where inherent tendency is to become unbalanced, rigid and unjust.

In conclusion the situation of the status system point up some factors that must be considered in all organizations.

(1) insure that there is free movement between status and ability; (2) prevent systems of status from being ends or even primary means; (3) and see that rewards are proportional to the necessary level of incentives and morale.

(1) Inquire that there is free movement between status and ability; (2) prevent systems of status from being ends in themselves; (3) prevent systems of status from being ends in themselves; (4) and see that rewards are proportional to the necessary level of incentives and needs.

CHAPTER IV

CONCLUSIONS

In the first three chapters I have discussed cooperation as the basis of organization and two conditions that exist in all organizations that if unrecognized and allowed to develop out of proportion will militate against cooperation and cause a reaction to organization. I believe this to be particularly true in very large organizations like the U. S. Navy. To combat these disruptive conditions, they must be recognized as existing and also as being potentially dangerous.

Sooner or later in his career, the naval officer finds himself in a position where he is frustrated because he has, in his own mind, solved a problem or completed some original thinking, but he is unable to have his work accepted even though the fruit of his thinking is important and of great benefit to the Navy. Still, because he is unable "to sell" his ideas, they are not accepted. Cooperation in the organization has disintegrated. The reason for this may be that his ideas are contrary to the objective of a subordinate organization and are not accepted by people whose ideas are identified with the lesser organization or it may be that one of those in a position to reject the idea feels that he may lose status. In a good many cases, if the ideas are sound, rejection is

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based on loss of status or on thinking tied to a subordinate group. If the frustrated naval officer understands the forces working against any change or improvement, he will use different strategy in his next venture.

If our naval officer is a commanding officer or an officer-in-charge, he immediately takes a position of high scalar status. In this position he must recognize the fact that men will not willingly follow a person of equal or lower status.¹ This means, then, that he must be meticulously careful to maintain his position or suffer loss of status in the eyes of his men with a corresponding loss of coordination in the organization. He should, therefore, be at all times conscious of the importance of maintaining his status and work actively toward that end.

Another example of the difficulties encountered in the Navy through loss of status is among naval aviators. Since World War II most of the naval aviators have remained in the service and there is a shortage of billets for the rank of commander at sea. This results in junior commanders being assigned to lieutenant commanders' billets with an equivalent loss of status. This is particularly demoralizing to the officers concerned, because officers of similar rank and seniority in other branches of the service are being assigned to and doing much more responsible and important work.² The result is

¹Barnard, op. cit., p. 220.

²Statement by CDR. R. Doherty, U.S.N., personal interview.

loss of morale and incentive on the part of the aviators by failure to protect the integrity of the individuals.¹ Cooperation from these men will be difficult to obtain.

The rotation of duties is healthy from the point of view of broadening naval officers, but it can be very disrupting when a man is transferred from a position of high status to one of lower status. Those in positions of responsibility in the organization should be ever alert to recognize situations of this nature and to individual differences.

In order to combat the disruptive tendencies of organizational identification, a dominant objective that is accepted by people whose activities need to be coordinated, has a potent influence. In wartime in the Navy this is most apparent when aviators, submariners, doctors, supply people, destroyer men and cruiser men are all putting themselves to considerable trouble in helping each other toward winning the war. Once this single overpowering objective is removed, as in the Navy in peacetime, petty bickering, jockeying for position, and general indifference to the problems of the other person become common.

The value of a dominant objective is also apparent in the playing of a football team. A spirit of teamwork prevails as long as winning the game is the primary purpose of all of the members, but when some of the players seek personal glory and recognition from the grandstand, the task of getting

¹Barnard, op. cit., p. 219.

less of women and initiative on the part of the individual. The failure to protect the integrity of the individual. The failure to protect the integrity of the individual. The failure to protect the integrity of the individual.

The rotation of duties is leading from the point of view of broadening moral efficiency, but it can be very difficult to show a man is transferred from a position of high status to one of lower status. There is a possibility of responsibility in the organization which is even more to be desired than the flow of this matter and the individual differences.

In order to combat the disruptive tendency of organizational identification, a constant objective must be suggested by people whose activities need to be coordinated, and a recent influence. In action in the Navy this is most apparent when sailors, mechanics, doctors, supply people, destroyer men and civilian men are all putting themselves to considerable trouble in helping each other toward similar the end. Once this single overarching objective is reached, as in the Navy in general, gets better, leading to position, and general indifference to the problems of the other parts become common.

The value of a common objective is also apparent in the playing of a football team. A spirit of teamwork possible as long as winning the game is the primary purpose of all of the members, and when some of the players were personal glory and recognition from the crowd, the team of getting

coordinated action is much more difficult.

Political parties can achieve considerable unity of action if they have a single dominating objective, such as removing the opposition party from power; but when diverse and sometimes conflicting objectives are sought by different factions in the party, which is likely once the party is in power, coordinated action becomes harder.

These dramatic examples of dominant objectives can be applied to a variety of situations and the existence of such objectives spells the difference between a live and purposeful organization and an assembly of subordinate organizations that contributes very little to making the major organization tick.¹

The subordinate organization must not, however, completely subjugate itself to the overall organization.² The subordinate organizational view is needed in the whole and it must be reconciled with all of the other subordinate organizational points of view. The idea for cooperation is inter-relationship between all subordinate organizations to create an overall departmental policy or objective.³

In the Navy in peacetime there is always a demand for more resources than are available. It can be readily seen,

¹William H. Newman, Administrative Action (New York: Prentice-Hall, Inc., 1951), p. 399.

²James D. Mooney, The Principles of Organization (New York: Harper and Bros., 1939), p. 13.

³Metcalf and Urwick, op. cit., p. 301.

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In the way in practice there is always a demand for
 more resources than are available. It can be roughly seen,

William H. Gorman, Administrative Action (New York:
 Prentice-Hall, Inc., 1931), p. 297.

James D. Moore, The Principles of Organization (New
 York: McGraw-Hill, 1927), p. 13.

Shawcross and Weston, op. cit., p. 101.

then, that the arguments for and the justifications for additional funds will be based on the need to maintain an adequate organization. The comptroller, in the end, must analyze and determine what part of the funds are contributing to the efficiency of the operation, and which to making the organization adequate only. To do this he must understand the existence of organizational identification and distribute scarce resources on the basis of efficiency and not adequacy.

In conclusion, the effects of status and organizational identification on the organization is most obvious in the decision-making process. No decision of any policy-making nature that affects the work relationships of people should be made without considering the effect of these two conditions.

Thus, that the agreement for and the justification for the National Fund will be based on the need to maintain an adequate organization. The organization, in the end, may involve and decision about all of the funds are according to the activity of the organization, and which is within the organization. To be able to understand the entire work of organizational identification and distinctive resources on the basis of efficiency and not efficiency. In conclusion, the effects of ideas and organizational identification on the organization is most obvious in the decision-making process. The decision of the policy-making nature that affects the work relationships of people should be made without overlooking the effect of those two conditions.

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